

Presented to the Court by the foreman of the Grand Jury in open Court, in the presence of the Grand Jury and FILED in the U.S. DISTRICT COURT at Seattle, Washington.

JULY 31 2013
WILLIAM M. McCOOL, Clerk
By [Signature] Deputy

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

CR 13

239TSZ

Plaintiff,

INDICTMENT

v.

THOMAS R. HAZELRIGG III,

Defendant.

The Grand Jury charges that:

COUNT 1

**Evading and Defeating the Payment of Tax
(26 U.S.C. § 7201)**

1. Beginning on or about March 27, 1997, and continuing through at least March 13, 2007, within the Western District of Washington and elsewhere, THOMAS R. HAZELRIGG III did willfully attempt to evade payment of federal income tax, penalties and interest due and owing by him to the United States for the calendar years 1989, 1990, and 1991 by concealing and attempting to conceal from the United States Department of Treasury - Internal Revenue Service (hereafter "IRS") the nature and extent of his income and assets and the location thereof, by various means. Such means included concealing funds and other assets by placing funds, personal property and real property owned and controlled by him in names other than his own, and by filing tax returns that understated his income.

I. INTRODUCTION

At times relevant to this Indictment:

2. THOMAS R. HAZELRIGG III was a lender and real estate developer operating in Western Washington and elsewhere. Business entities he openly associated with included Pacific Funding Group and Centurion Financial Group.

3. The primary business of THOMAS R. HAZELRIGG III was to originate high-interest, short-term loans that were typically secured by real estate. THOMAS R. HAZELRIGG III, or an entity he owned or controlled, earned a loan fee for such transactions, which such fee was typically a percentage of the loan amount.

4. The loans made through THOMAS R. HAZELRIGG III's companies were generally used by real estate developers. THOMAS R. HAZELRIGG III offered investors the opportunity to provide funds for these loans with expected rates of return to the investors of up to 12% or more.

**II. DEFENDANT'S TAX OBLIGATIONS FOR
TAX YEARS 1989, 1990, AND 1991**

5. On or about March 10, 1997, THOMAS R. HAZELRIGG III executed and submitted to the Internal Revenue Service, an IRS Form 870-AD entitled "Department of the Treasury - Internal Revenue Service OFFER TO WAIVE RESTRICTIONS ON ASSESSMENT AND COLLECTION OF TAX DEFICIENCY AND TO ACCEPT OVERASSESSMENT" with respect to tax years ending December 31, 1989; December 31, 1990; and December 31, 1991 (hereafter, the "Offer to Waive Restriction on Assessment and Collection"). By signing and submitting this document, THOMAS R. HAZELRIGG III offered to settle his U.S. Income Tax obligations for tax years 1989, 1990 and 1991, which he had previously contested.

6. On or about March 13, 1997, the IRS accepted THOMAS R. HAZELRIGG III's Offer to Waive Restriction on Assessment and Collection, thus completing the settlement with THOMAS R. HAZELRIGG III as to tax years 1989, 1990 and 1991.

7. On or about the dates identified below, after the above noted settlement was reached between THOMAS R. HAZELRIGG III and the Internal Revenue Service as to the tax liability for tax years 1989, 1990, and 1991, the United States Department of the Treasury's Internal Revenue Service ("IRS") assessed THOMAS R. HAZELRIGG, III, \$533,454.03 for unpaid personal federal income taxes, and sent collection notices, as set forth below:

Tax Year Assessed	Assessment Amount	Date of Assessment and First Collection Notice
1989	\$ 71,689.30	06/02/1997
1990	\$ 16,217.15	04/14/1997
1991	\$ 445,547.58	03/27/1997

8. The IRS mailed collection notices for the tax years 1989, 1990, and 1991 periodically beginning in about March 1997, through in or about October 2000, to THOMAS R. HAZELRIGG at his address of record, which was Post Office Box 1727, in Bellevue, Washington.

9. The IRS mailed collection notices for the tax years 1989, 1990, and 1991 from in or about March 2002 through in or about July 2006 to THOMAS R. HAZELRIGG III's designated power of attorney, R.T., CPA, with accounting firm Hagen, Kurth, Perman & Company in Seattle, Washington.

10. The IRS filed a tax lien against THOMAS R. HAZELRIGG III with the King County Auditor on or about November 28, 1997.

11. The IRS filed a tax lien against THOMAS R. HAZELRIGG III with the State of Washington on or about August 11, 1999.

12. THOMAS R. HAZELRIGG III did not submit any payments for tax years 1989, 1990, or 1991.

13. The IRS collected some of the taxes owed by THOMAS R. HAZELRIGG III for tax years 1989, 1990 and 1991, by various means, including by applying an overpayment of \$1,577.17 from tax year 2005 to the amount due for tax year 1990;

1 applying an overpayment of \$99.23 from tax year 1998 to the amount due for tax year
2 1989; and applying an overpayment of \$118.43 from tax year 2005 to the amount due for
3 tax year 1991.

4 **III. THOMAS R. HAZELRIGG III EVADED**
5 **PAYMENT OF TAX OBLIGATIONS BY**
6 **MULTIPLE MEANS**

7 14. THOMAS R. HAZELRIGG III evaded and attempted to evade payment of
8 his tax obligations for tax years 1989, 1990, and 1991 by multiple means, including but
9 not limited to the following:

10 15. THOMAS R. HAZELRIGG III reported large losses on his individual
11 income tax returns, but failed to report substantial income he received.

12 16. THOMAS R. HAZELRIGG III placed money and other assets he owned in
13 the names of nominees. Nominees are persons or entities that hold income or other
14 assets in their own names, when the income or other assets are actually owned and
15 controlled by another person or entity. Nominee entities used by THOMAS R.
16 HAZELRIGG III included, but was not limited to, ANT One, LLC, Milton Lenders,
17 LLC and TRH Lenders, LLC.

18 17. In an attempt to conceal his income in 2005, 2006 and 2007, THOMAS R.
19 HAZELRIGG III arranged to have commissions and other funds due to him paid to FRB,
20 Inc., a Nevada corporation owned by M.R.M., his long time friend and business
21 associate.

22 18. THOMAS R. HAZELRIGG III further arranged to have the checks and
23 wired funds that had been paid to FRB, Inc. deposited into an investment account he
24 established with M.R.M. known as ANT03. The ANT03 investment account
25 purportedly was owned by the children of THOMAS R. HAZELRIGG III, *i.e.*, T.R.H.
26 IV, A.H., and N.K., but in reality, the ANT03 investment account was controlled by
27 THOMAS R. HAZELRIGG III.

28 19. From on or about June 3, 2005 through on or about January 19, 2007,
THOMAS R. HAZELRIGG III arranged to have funds periodically transferred from the

1 ANT03 investment account to a bank account in the name of Milton Lenders, LLC.

2 THOMAS R. HAZELRIGG III had check writing authority on the Milton Lenders, LLC
3 bank account.

4 20. The total amount of deposits of FRB, Inc. checks and wire transfers into
5 the Milton Lenders, LLC bank account for years 2005 through 2007 were as follows:

6 Year	Approximate Total of Transfers from ANT03 Account to Milton Lenders
7 2005	\$ 3,285,000.00
8 2006	\$ 4,975,000.00
9 2007	\$ 1,200,000.00

10 21. THOMAS R. HAZELRIGG III used funds transferred into the Milton
11 Lenders, LLC account from the ANT03 account for personal spending. THOMAS R.
12 HAZELRIGG III did not identify any interest in or income from Milton Lenders, LLC
13 on any of his tax returns for 2005, 2006, or 2007.

14 22. THOMAS R. HAZELRIGG III also used funds from the TRH Lenders,
15 LLC bank account for personal spending. THOMAS R. HAZELRIGG III did not
16 identify any interest in or income from TRH Lenders, LLC on any of his tax returns for
17 2005, 2006 or 2007.

18 **IV. WHILE FAILING TO PAY TAX OBLIGATIONS FOR**
19 **TAX YEARS 1989, 1990, AND 1991 THOMAS R.**
20 **HAZELRIGG III USED FUNDS FROM NOMINEE**
21 **ACCOUNTS TO ENJOY A LAVISH LIFESTYLE**

22 23. At the same time that THOMAS R. HAZELRIGG III failed to pay his tax
23 obligations for tax years 1989, 1990, and 1991, he used his substantial income and assets
24 to enjoy a lavish lifestyle.

25 24. THOMAS R. HAZELRIGG III used funds from the Milton Lenders, LLC
26 and TRH Lenders, LLC bank accounts to pay for luxurious items for himself, and for
27 friends and business associates. Examples of such spending from one or both of these
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1 accounts are set forth in paragraphs 25 through 51. At no time did THOMAS R.
2 HAZELRIGG III use any of these funds to reduce his tax liability.

3 **PURCHASE AND BUILD-OUT OF PENTHOUSE CONDOMINIUM**

4 25. On or about August 12, 2005, THOMAS R. HAZELRIGG III signed a
5 check in the sum of \$10,000.00 from the Milton Lenders, LLC bank account payable to
6 Chicago Title in connection with Lincoln Tower Penthouse 4102.

7 26. On or about August 15, 2005, THOMAS R. HAZELRIGG III caused
8 \$84,000.00 to be paid from the Milton Lenders, LLC bank account to Chicago Title in
9 connection with Lincoln Tower Penthouse 4102.

10 27. On or about August 16, 2005, THOMAS R. HAZELRIGG III signed a
11 check in the sum of \$211,000.00 from the Milton Lenders, LLC bank account payable to
12 Chicago Title in connection with Lincoln Tower Penthouse 4102.

13 28. The checks in the amount of \$10,000.00, \$84,000.00 and \$211,000.00
14 constituted a total down payment of \$305,000.00 for the purchase of Lincoln Tower
15 Penthouse 4102.

16 29. On or about January 6, 2006, THOMAS R. HAZELRIGG III caused the
17 formation of a limited liability company named ANT ONE, LLC. The purpose of ANT
18 ONE, LLC was to be the purchaser and owner of Unit 4102, One Lincoln Tower, 650
19 Bellevue Way N.E., Bellevue, Washington 98004 (Lincoln Tower Penthouse 4102). The
20 purported registered agent of ANT ONE, LLC was THOMAS R. HAZELRIGG III's
21 son, T.R.H. IV, but in truth and fact, THOMAS R. HAZELRIGG III controlled ANT
22 ONE, LLC, and purchased Lincoln Tower Penthouse 4102 as his own residence.

23 30. The Final Settlement Statement prepared by Chicago Title for the purchase
24 of Lincoln Tower Penthouse 4102 reflected a contract sales price of \$3,050,000.00 and
25 earnest money paid of \$305,000.00.

26 31. The Final Settlement Statement for purchase of the Lincoln Tower
27 Penthouse 4102 also reflected other charges to the borrower for county taxes, appraisal
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1 fees, and other settlement charges. The final due from borrower was \$4,185,223.42,
2 including loan funds.

3 32. On or about February 26, 2006, THOMAS R. HAZELRIGG III agreed in
4 writing, on behalf of ANT ONE, LLC, to allow construction company Krekow Jennings
5 Inc. to commence construction on the build-out of the Lincoln Tower Penthouse 4102.

6 33. On or about March 20, 2006, THOMAS R. HAZELRIGG III signed a
7 Project Personal Guaranty in favor of Krekow Jennings Inc. with respect to the work on
8 the Lincoln Tower Penthouse 4102.

9 34. On or about the dates set forth below, THOMAS R. HAZELRIGG III
10 signed checks payable in the amounts identified below to Krekow Jennings for work on
11 the Lincoln Tower Penthouse 4102, from the Milton Lenders, LLC bank account.

Date	Amount
January 18, 2006	\$ 50,000.00
April 10, 2006	\$ 20,931.60
May 22, 2006	\$ 100,000.00
June 28, 2006	\$ 63,206.96
TOTAL	\$ 234,138.56

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18 35. On or about the dates identified below, THOMAS R. HAZELRIGG III
19 caused cashier's checks in the amounts identified below to be purchased from the ANT
20 ONE, LLC bank account at Washington First International Bank, made payable to
21 Krekow Jennings Inc., for the work on the Lincoln Tower Penthouse 4102.

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Date	Amount
July 17, 2006	\$ 105,402.26
September 7, 2006	\$ 67,929.56
September 18, 2006	\$ 110,999.33
October 18, 2006	\$ 202,606.80
November 17, 2006	\$ 236,330.18
January 8, 2007	\$ 150,743.55
January 31, 2007	\$ 202,338.96
TOTAL	\$1,076,350.64

36. On or about the dates identified below, THOMAS R. HAZELRIGG III caused checks in the amounts identified below to be drawn on the bank account in the name of TRH Lenders, LLC, at Washington First International Bank to be made payable to Krekow Jennings Inc., for work on the Lincoln Tower Penthouse 4102.

Date	Amount
02/16/2007	\$ 213,174.90
03/16/2007	\$ 212,308.09
04/19/2007	\$ 200,710.49
05/14/2007	\$ 244,046.56
06/20/2007	\$ 218,923.79
09/06/2007	\$ 100,000.00
10/24/2007	\$ 82,000.00
02/06/2008	\$ 30,000.00
04/23/2008	\$ 30,000.00
04/25/2008	\$ 439.94
TOTAL	\$ 1,331,603.77

GAMBLING SPENDING

37. THOMAS R. HAZELRIGG III gambled extensively during the period he failed to make payments for his tax liabilities for the years 1989, 1990, and 1991. His buy-ins for chips at casinos including the following:

Casino	Approximate Amount	Approximate Date Range
Muckleshoot	\$ 30,800.00	4/11/2006 - 6/24/2006
Grand Sierra	\$ 3,120.00	7/11/2007
Casino Caribbean	\$422,850.00	08/03/2007 - 12/22/2007
Sandia Casino	\$126,480.00	06/01/2004 - 12/24/2007
MGM	\$275,800.00	07/10/2004 - 05/14/2007
Aqua Caliente & Spa Casinos	\$318,080.00	12/06/2002 - 3/30/2007

GLENDALE COUNTRY CLUB SPENDING

38. THOMAS R. HAZELRIGG III was member #362 in the Glendale Country Club in Bellevue, Washington. THOMAS R. HAZELRIGG III spent significant funds associated with the Glendale Country Club during the time he failed to pay his tax obligations to the IRS for tax years 1989, 1990, and 1991.

39. The expenditures associated with THOMAS R. HAZELRIGG III's Glendale Country Club personal membership and usage, which included his purchase of memberships for business colleagues and friends, S.S. and members of the B. family, were as follows, all of which were paid to Glendale Country Club with funds from the Milton Lenders, LLC account at Bank of America:

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Date	Amount	Memo
05/26/2005	\$ 10,000.00	S. & B.
06/01/2005	\$ 1,500.00	member 362
06/16/2005	\$ 58,283.30 (Check signed by E.D.)(for purchase of memberships for S.S. members of the B. family)	member 362
07/26/2005	\$ 39,377.25 (to purchase cashier's check payable to Glendale Country Club)	TOM HAZELRIGG #362
08/30/2005	\$ 1,176.81	#362
09/19/2005	\$ 1,974.80	member 362
01/05/2006	\$ 750.00	member 362
01/05/2006	\$ 5,000.00	member 362
09/11/2006	\$ 5,000.00	member #362
11/07/2006	\$ 30,084.47	#362
12/14/2006	\$ 506.27	362

USE OF PRIVATE JETS

40. During 2006, while THOMAS R. HAZELRIGG III failed to make any payments on his tax obligations to the IRS for tax years 1989, 1990, and 1991, THOMAS R. HAZELRIGG III paid substantial sums from the Milton Lenders, LLC checking account associated with use of one or more private jets. THOMAS R. HAZELRIGG III used the private jets to take trips for himself, friends and business associates to multiple locales.

41. On or about the dates identified below, THOMAS R. HAZELRIGG III signed checks in the following amounts from the Milton Lenders, LLC bank account for the use of one or more private jets.

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Date	Payee	Amount
03/08/2006	Sky Corp	\$ 64,017.71
04/05/2006	Sky Corp	\$ 20,000.00
05/24/2006	Sky Corp	\$ 104,146.57
05/24/2006	Sky Jet LLC	\$ 52,262.07
07/19/2006	Sky Corp	\$ 33,426.59
08/01/2006	Sky Corp	\$ 32,550.23
09/11/2006	Sky Corp	\$ 30,952.46
09/11/2006	Sky Jet II, LLC	\$ 48,304.15
09/11/2006	Sky Jet LLC	\$ 25,836.43
10/19/2006	Sky Corp	\$ 16,672.18
10/19/2006	Sky Jet II, LLC	\$ 26,099.03
11/14/2006	Sky Corp	\$ 1,765.75
11/14/2006	Sky Corp	\$ 9,750.00
11/14/2006	Sky Corp	\$ 35,425.73

SERVICES OF A PERSONAL ASSISTANT

42. From on or about May 10, 2006 through on or about December 29, 2006, while THOMAS R. HAZELRIGG III failed to make any payments on his tax liabilities for tax years 1989, 1990, and 1991, THOMAS R. HAZELRIGG III employed a personal assistant, P.B., to do household shopping and to perform other services at THOMAS R. HAZELRIGG III's residences at a weekly salary of \$915.00 and later \$930.00. P.B. was paid by checks from the Milton Lenders, LLC bank account signed by THOMAS R. HAZELRIGG III. P.B. performed duties at the Lincoln Tower Penthouse 4120, and at a home in Redmond, Washington, where THOMAS R. HAZELRIGG III also resided.

PURCHASES OF CHIHULY ART

43. In 2006, while THOMAS R. HAZELRIGG III failed to make any payments on his tax obligations for tax years 1989, 1990, and 1991, THOMAS R. HAZELRIGG III acquired multiple pieces of glass art from the studios of glass artist Dale Chihuly.

44. THOMAS R. HAZELRIGG III purchased a Chihuly chandelier for approximately \$160,000.00 in April 2006, for installation at a residence he occupied in Redmond, Washington. THOMAS R. HAZELRIGG III wrote a check from the Milton Lenders, LLC bank account to Seattle Construction Resources on July 7, 2006 for \$9,849.04 for installation of this chandelier in the Redmond, Washington residence.

45. THOMAS R. HAZELRIGG III purchased a Chihuly chandelier on or about July 19, 2006, for approximately \$300,000.00 for installation at the Lincoln Tower Penthouse 4102.

46. THOMAS R. HAZELRIGG III used funds from the Milton Lenders, LLC bank account for the purchases of the two Chihuly chandeliers.

47. THOMAS R. HAZELRIGG III traded air time on private jets for other artwork from the Chihuly studios, for himself and one or more business associates.

SPENDING ON HORSES

48. In 2006, while THOMAS R. HAZELRIGG III failed to make any payments for his tax obligations for tax years 1989, 1990, and 1991, THOMAS R. HAZELRIGG III signed checks from the Milton Lenders, LLC bank account for expenses associated with horses, including the following:

Date	Payee	Amount	Memo on Check
09/12/2006	Washington Thoroughbred Assn	\$ 97,000.00	Purchase horses
09/19/2006	Championship Stables	\$ 42,195.00	
10/20/2006	Yearsley	\$ 2,910.00	Invoice #12631D/championship
10/20/2006	American Horse Transportation	\$ 2,904.00	Account # 274/Championship
10/20/2006	Di Pietro Thoroughbreds	\$ 1,008.00	Invoice #175/Championship
11/01/2006	Yearsley Bloodstock Insurance	\$ 4,668.76	

Date	Payee	Amount	Memo on Check
11/02/2006	Halvorson Bloodstock	\$ 7,250.00	Championship Stables Commission
11/28/2006	Di Pietro	\$ 2,644.00	Invoice #182 Championship Stables
12/30/2006	De Pietro Thoroughbreds	\$ 2,644.00	Championship Stables November Boarding

**CASH OBTAINED FROM MILTON LENDERS, LLC BANK ACCOUNT
FOR THOMAS R. HAZELRIGG III**

49. In 2005 and 2006, while THOMAS R. HAZELRIGG III failed to make any payments on his tax obligations for 1989, 1990, and 1991, THOMAS R. HAZELRIGG III obtained cash from the Milton Lenders, LLC bank account by writing checks payable to his then girlfriend, D.S., who at the direction of THOMAS R. HAZELRIGG III, cashed the checks, and gave the currency to him. Such transactions included the following:

Date	Memo Notation	Amount
07/14/2005	Cash for Tom	\$ 1,000.00
12/20/2005	Cash for Tom	\$ 7,000.00
01/05/2006	Cashier's check for Tom	\$ 7,000.00
03/08/2006	Cash for Thomas	\$ 7,000.00
03/14/2006	Cash for Tom	\$ 4,000.00
04/26/2006	Cash for Thomas Hazelrigg	\$ 9,000.00
07/07/2006	Cash for Tom	\$ 6,000.00
07/10/2006	Cash for Tom	\$ 9,000.00
08/07/2006	Cash for Tom	\$ 6,700.00
08/14/2006	Cash for Tom	\$ 8,000.00
08/16/2006	Cash for Tom	\$ 8,000.00
TOTAL		\$ 72,700.00

50. In 2005 and 2006, while THOMAS R. HAZELRIGG III failed to make any payments on his tax obligations for 1989, 1990, 1991 and 1994, THOMAS R. HAZELRIGG III obtained cash from the Milton Lenders, LLC bank account by arranging for checks from the Milton Lenders, LLC bank account to be made payable to business associate, E.D, who then gave the cash to THOMAS R. HAZELRIGG III. Examples of such transactions include the following:

Date	Memo Notation	Amount
09/09/2005	Cash for Tom	\$ 8,000.00
11/29/2005	Cash for Tom	\$ 8,000.00
12/06/2005	T3 Cash	\$ 8,500.00
12/20/2005	Cash for Tom	\$ 7,000.00
04/04/2006	Cash for Tom's hookers	\$ 4,000.00
04/28/2006	Cash for Thomas Hazelrigg	\$ 9,500.00
04/28/2006	Cash for Tom	\$ 9,000.00
07/10/2006	Cash for Tom	\$ 9,000.00
08/14/2006	Cash for Tom	\$ 8,000.00
TOTAL		\$ 71,000.00

51. In 2005 and 2006, while THOMAS R. HAZELRIGG III failed to make any payments on his tax obligations for 1989, 1990, and 1991, THOMAS R. HAZELRIGG III obtained cash from the Milton Lenders, LLC bank account by writing or causing checks to be written, payable to T. R. Hazelrigg, TR Hazelrigg, T.R. Hazelrigg III, Tommy Hazelrigg, Tom Hazelrigg, or Thomas Hazelrigg, and cashing the checks using his own driver's license number. Examples of such transactions include the following:

Date	Payee	Memo Notation	Amount
06/01/2005	T.R. Hazelrigg		\$ 2,000.00
06/03/2005	T.R. Hazelrigg III		\$ 5,000.00
06/16/2005 (misdated as 2006)	TR Hazelrigg		\$ 7,500.00
06/22/2005	Tom Hazelrigg		\$ 5,000.00
06/30/2005	TR Hazelrigg		\$ 6,000.00
06/30/2005	TR Hazelrigg		\$ 5,000.00
07/07/2005	TR Hazelrigg		\$ 7,500.00
07/11/2005	T.R. Hazelrigg		\$ 6,000.00
07/14/2005	Tom Hazelrigg		\$ 7,000.00
07/20/2005	T.R. Hazelrigg		\$ 7,000.00
07/29/2005	Tom Hazelrigg		\$ 4,000.00
08/17/2005	TR Hazelrigg		\$ 2,000.00
08/24/2005	T.R. Hazelrigg		\$ 5,000.00
08/25/2005	Tom Hazelrigg		\$ 8,000.00
09/02/2005	Tommy Hazelrigg		\$ 5,000.00
09/09/2005	Tom Hazelrigg	cash	\$ 8,000.00
09/20/2005	Tom Hazelrigg		\$ 8,000.00
10/03/2005	T.R. Hazelrigg		\$ 8,000.00
10/03/2005	TR Hazelrigg		\$ 8,000.00
10/13/2005	Tom Hazelrigg		\$ 9,000.00
10/13/2005	Tom Hazelrigg		\$ 9,000.00
11/05/2005	T.R. Hazelrigg	Pat Cash	\$ 9,000.00
11/17/2005	T.R. Hazelrigg III		\$ 8,500.00
11/22/2005	T.R. Hazelrigg		\$ 9,000.00
11/22/2005	T.R. Hazelrigg		\$ 7,500.00
12/06/2005	TR Hazelrigg		\$ 8,500.00
12/13/2005	Tom Hazelrigg		\$ 7,500.00
12/14/2005	TR Hazelrigg		\$ 8,000.00

Date	Payee	Memo Notation	Amount
12/15/2005	TR Hazelrigg		\$ 9,000.00
12/15/2005	TR Hazelrigg		\$ 9,000.00
12/20/2005	TR Hazelrigg		\$ 7,000.00
03/31/2006	TR Hazelrigg III		\$ 5,000.00
04/19/2006	T.R. Hazelrigg		\$ 9,000.00
04/27/2006	Tom Hazelrigg		\$ 9,000.00
04/28/2006	Thomas Hazelrigg		\$ 9,500.00
08/14/2006	Tom Hazelrigg		\$ 8,000.00
10/30/2006	T.R. Hazelrigg	Cash	\$ 3,000.00
11/22/2006	T.R. Hazelrigg		\$ 9,000.00
11/28/2006	TR Hazelrigg		\$ 9,000.00
TOTAL			\$ 276, 500.00

52. During times relevant to this Indictment, THOMAS R. HAZELRIGG III made statements to others to the effect that he avoided keeping assets in his own name in order to keep creditors from collecting against him.

All in violation of Title 26, United States Code, Section 7201.

COUNT 2
Evading and Defeating the Payment of Tax
(26 U.S.C. § 7201)

53. Beginning on or about August 25, 1997 and continuing through on or about August 30, 2007, within the Western District of Washington and elsewhere, THOMAS R. HAZELRIGG III did willfully evade and attempt to evade payment of federal income tax, penalties and interest due and owing by him to the United States for the calendar year 1994 by concealing and attempting to conceal from the United States Department of Treasury - Internal Revenue Service (hereafter "IRS") the nature and extent of his income and assets and the location thereof, by various means. Such means included concealing funds and other assets by placing funds, personal property and real

1 property owned and controlled by him in names other than his own, and by filing tax
2 returns that understated his income.

3 54. The allegations set forth in paragraphs 2 through 4 of this Indictment are
4 realleged as if fully set forth herein.

5 **DEFENDANT'S TAX OBLIGATIONS FOR TAX YEAR 1994**

6 55. On or about July 15, 1997, the IRS Form 1040 for THOMAS R.
7 HAZELRIGG III for tax year 1994 was received at the IRS Service Center. THOMAS
8 R. HAZELRIGG III reported owing \$4,113.00 on the 1994 return.

9 56. THOMAS R. HAZELRIGG III did not make any payments on the tax
10 obligation of \$4,113.00 he reported owing for tax year 1994.

11 57. On or about August 25, 1997, the IRS assessed THOMAS R.
12 HAZELRIGG III, \$6,772.62 for the unpaid tax, plus penalties for tax year 1994, and the
13 first collection notice was mailed to his address of record, Post Office Box 1727 in
14 Bellevue, Washington on or about October 6, 1997.

15 58. Periodically thereafter, the IRS mailed collection notices regarding the
16 obligation owed with respect to tax year 1994 to THOMAS R. HAZELRIGG III, and
17 later to his designated power of attorney, R.T., with accounting firm Hagen, Kurth,
18 Perman & Company in Seattle, Washington.

19 59. The IRS collected some of the taxes owed by THOMAS R. HAZELRIGG
20 III for tax year 1994 by applying a payment from levy of funds due to THOMAS R.
21 HAZELRIGG III by a third party.

22 60. At the same time that THOMAS R. HAZELRIGG III failed to pay his tax
23 obligations for tax year 1994, he used funds from the Milton Lenders, LLC and TRH
24 Lenders, LLC bank accounts to pay for luxury and other items for himself, and friends
25 and business associates. Spending from one or both of these accounts included the
26 spending on the following:
27
28

1 a. Purchase and build-out of the Penthouse condominium as set forth in
2 paragraphs 25 through 36 of this Indictment, which such paragraphs are incorporated by
3 reference, as if fully set forth herein.

4 b. Gambling spending, as set forth in paragraph 37 of this Indictment, which
5 such paragraph is incorporated by reference, as if fully set forth herein.

6 c. Glendale Country Club spending, as set forth in paragraphs 38 and 39 of
7 this Indictment, which such paragraphs are incorporated by reference, as if fully set forth
8 herein.

9 d. Use of private jets, as set forth in paragraphs 40 and 41 of this Indictment,
10 which such paragraphs are incorporated by reference, as if fully set forth herein.

11 e. Services of a personal assistant, as set forth in paragraph 42 of this
12 Indictment, which such paragraph is incorporated by reference, as if fully set forth
13 herein.

14 f. Purchase of Chihuly art, as set forth in paragraphs 43 through 47 of this
15 Indictment, which such paragraphs are incorporated by reference, as if fully set forth
16 herein.

17 g. Spending on horses, as set forth in paragraph 48 of this Indictment, which
18 such paragraph is incorporated by reference, as if fully set forth herein.

19 h. Cash from the Milton Lenders, LLC bank account as set forth in paragraph
20 49 of this Indictment, which such paragraph is incorporated by reference, as if fully set
21 forth herein.

22 i. Cash from the Milton Lenders, LLC bank account as set forth in paragraph
23 50 of this Indictment, which such paragraph is incorporated by reference, as if fully set
24 forth herein.

25 j. Cash from the Milton Lenders, LLC bank account as set forth in paragraph
26 51 of this Indictment, which such paragraph is incorporated by reference, as if fully set
27 forth herein.

28 All in violation of Title 26, United States Code, Section 7201.

COUNT 3**(Social Security Fraud - Social Security Number Misuse)
(42 U.S.C. § 408(a)(7)(B))**

62. On or about January 27, 2009, within the Western District of Washington, THOMAS R. HAZELRIGG III, for the purpose concealing or attempting to conceal his interest in Centurion Financial Group, LLC from the Internal Revenue Service, and/or other persons or entities, and for other purposes, with the intent to deceive, falsely represented on a Business Signature Card for an account at Washington First International Bank for Centurion Financial Group, LLC, that the Social Security Account number XXX-XX-0863 was the Social Security Number account assigned to him by the Commissioner of Social Security, when in fact, as he well knew, such number is not the Social Security Account number assigned to him by the Commissioner of Social Security, but was rather the Social Security Number assigned to his deceased father.

All in violation of Title 42, United States Code, Section 408(a)(7)(B).

COUNT 4**(Social Security Fraud - Social Security Number Misuse)
(42 U.S.C. § 408(a)(7)(B))**

63. On or about January 27, 2009, within the Western District of Washington, THOMAS R. HAZELRIGG III, for the purpose concealing or attempting to conceal his interest in TRH Lenders, LLC, from the Internal Revenue Service, and/or other persons or entities, and for other purposes, with the intent to deceive, falsely represented on a Business Signature Card for an account at Washington First International Bank for TRH Lenders, LLC, that the Social Security Account number XXX-XX-0863 was the Social Security Number account assigned to him by the Commissioner of Social Security, when in fact, as he well knew, such number is not the Social Security Account number

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1 assigned to him by the Commissioner of Social Security, but was rather the Social
2 Security Account number assigned to his deceased father, T.R.H. II.

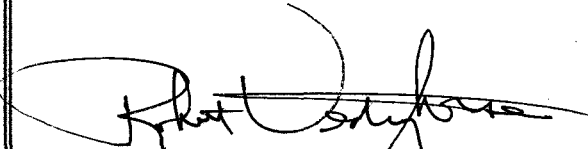
3 All in violation of Title 42, United States Code, Section 408(a)(7)(B).
4

5 A TRUE BILL:


6 DATED:

7 (Signature of Foreperson redacted pursuant
8 to policy of the Judicial Conference)

9 FOREPERSON

10 
11 JENNY A. DURKAN
12 United States Attorney

13 
14 ROBERT WESTINGHOUSE
15 Assistant United States Attorney

16 
17 LAWRENCE LINCOLN
18 Assistant United States Attorney

19 
20 SUSAN LOITZ
21 Assistant United States Attorney
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24
25
26
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